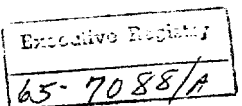


PPB 65-0814



7 DEC 1965

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card
Honorable Charles L. Schultze
Director
Bureau of the Budget
Washington, D.C. 20503

Dear Mr. Schultze:

I refer to your Memorandum for the Heads of Executive Departments and Agencies, dated 1 December 1965, which calls for further reductions of 1966 personnel ceiling, predicated on an anticipated sharp increase in retirements from Federal Government in the last months of this calendar year. One of the purposes given for this action is "to offset to the maximum extent possible program increases resulting from national defense activities." I suggest that the escalating requirements for Agency support in the national security effort and the recent personnel increases approved by the President for this purpose place us in the role of a recipient in this "offsetting" effort.

As you know, at the recent special meeting chaired by Mr. McGeorge Bundy, it was evident that an expanded CIA program in Vietnam, both this year and next, was strongly endorsed in the highest policy councils of Government. The Bureau's own mark on the CIA 1967 budget request takes special recognition of: (1) [] unprogrammed requirement in our current Vietnam operations, and (2) [] add-on needed for 1967.

25X1
25X1

On the specific matter of personnel for these "program increases resulting from national defense actions," you will recall that in your letter of 17 November 1965 you authorized an increase of [] to meet our expanding responsibilities in Southeast Asia. It would appear to me that application to this Agency of your 1 December instruction (the 1-1/4 percent of end-year strength formula) would constitute a reversal of an action less than two weeks old.

25X1

Thus far I have spoken only to expanding CIA programs in Southeast Asia. The Agency is, of course, engaged in national defense actions

on a world-wide basis. Both the 1966 budget and the 1967 request provide some selective, conservative increases in our efforts where this was deemed absolutely necessary. The Bureau and the Congress have already acted on 1966 levels, and our two staffs are now working together on the 1967 budget position. It would seem to me to be illogical and counter-productive for CIA to be required to respond now to an instruction which was apparently designed to free up resources elsewhere in Government for exactly the kinds of expanding activities we are now facing.

I am fully aware of the President's personal concern over the size of the Federal payroll and his determination to effect maximum economies in Governmental operations. We in CIA are fully committed to doing our part to attain these objectives. In this instance, however, and in addition to the foregoing argumentation, I should point out that our personnel ranks are still quite youthful and the retirement rate is proportionately low. As people do retire, I assure you that the vacated positions are closely screened and often reprogrammed to meet higher priority demands which are continually developing.

I hope you can agree that the foregoing is a fair summation of the situation, and that this Agency should be excepted from the provisions of your 1 December memorandum.

Sincerely,

(signed) W. F. Raborn

W. F. Raborn
Director

CONCUR:

/s/ L. K. [unclear]

7 DEC 1965

Executive Director-Comptroller

(date)

O/PPB/JMClarke: vgd 6 Dec 65

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BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

December 1, 1965

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS
AND AGENCIES

Subject: Reduction in June 30, 1966, employment ceilings

The benefits granted by recent retirement legislation will result in a sharp increase in retirements during the months of November and December 1965. Preliminary estimates indicate that, in addition to normal retirements of approximately 5,000 employees in each of these two months, there will be additional retirements by the end of this calendar year of another 20,000 employees.

The vacancies thus created present an opportunity to take new specific actions to carry out the President's long-standing instructions to hold Federal employment at the minimum necessary to carry out Government operations effectively, and to offset to the maximum extent possible program increases resulting from national defense activities and new legislation.

To achieve this objective it is necessary to establish an overall target for reductions in the June 30, 1966, employment ceilings. Accordingly, the employment ceiling of each department and agency is hereby reduced by 1 percent for all agencies with year-end ceilings of 1,000 or less, and by 1-1/4 percent for all agencies with employment ceilings in excess of 1,000.

In reaching the new and lower ceilings, maximum emphasis should be put on abolishing positions vacated by retirements and on assignment of vacant positions to activities with approved increases in workload. The review of agency budget submissions for 1967 will take into account the lower employment resulting from this action.



Charles L. Schultze
Director